

INCOME TAX ACT 1967

INCOME TAX (EXEMPTION) (NO. 13) ORDER 2021

PU (A) 501
30 December 2021

IN exercise of the powers conferred by paragraph 127(3)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following order:

CITATION AND COMMENCEMENT

- 1(1)** This order may be cited as the **Income Tax (Exemption) (No. 13) Order 2021**.
- 1(2)** This Order has effect from the year of assessment 2021 until the year of assessment 2022.

INTERPRETATION

2 For the purpose of this Order—

“non-Malaysian citizen individual” means non-Malaysian citizen individual other than—

- (a) participant of *Malaysia My Second Home* programme and his dependents;
- (b) holder of a Malaysian student pass and his dependents; and
- (c) holder of a Malaysian work permit and his dependents;

“value of increased exports” means the difference of the value of the private health care services exported in the basis period and that of the immediately preceding basis period;

“foreign client” means a company, a partnership, an organization or a cooperative society which is incorporated or registered outside Malaysia or a non-Malaysian citizen individual or a non-resident Malaysian citizen living abroad and his dependents; and

“private health care services” means private health care services provided in Malaysia or from Malaysia to foreign clients.

EXEMPTION

3 The Minister exempts a person resident in Malaysia from the payment of income tax in respect of income derived from the export of private health care services in the basis period for a year of assessment, in an amount and manner prescribed in paragraph 4.

AMOUNT OF INCOME TO BE EXEMPT

4(1) The amount of income referred to in paragraph 3 in relation to private health care services shall be equal to one hundred per cent of the value of increased exports.

- 4(2)** For the purpose of subparagraph (1), the person mentioned in paragraph 3 shall be subject to the following conditions:
- (a) at least ten per cent of its total patients consist of foreign client who have obtained private health care services in each year of assessment; and
 - (b) at least ten per cent of its gross income is derived from the foreign client who have obtained private health care services in each year of assessment.
- 4(3)** Where an amount of income equivalent to one hundred per cent of the value of the increased exports has been determined for a year of assessment, so much of the statutory income of the business of that person for that year of assessment as is equal to that value of increased exports (or to the aggregate amount of any such value of increased export, as the case may be) but not exceeding seventy per cent of the statutory income shall be exempted from tax.

STATUTORY INCOME

- 5(1)** The statutory income from the private health care services business in the basis period for a year of assessment shall be determined after deducting allowances under Schedule 3 of the Act notwithstanding that no claim for such allowances has been made.
- 5(2)** Where an asset used for the purpose of the private health care services business is also used for the purpose of a business other than that business, the allowances under Schedule 3 of the Act shall be deducted as is reasonable having regard to the extent to which the asset is used for the purpose of the first mentioned business.
- 5(3)** Nothing in subparagraph (1) shall absolve or is deemed to have absolved the person from complying with any requirement to submit any return or statement of accounts or to furnish any other information under the provision of the Act.
- 5(4)** Where by reason of the restriction of seventy per cent of the statutory income or of an insufficiency or absence of statutory income from a business of the person in the basis period for a year of assessment, exemption cannot be granted or cannot be granted in full to the amount of the determined value of the increased exports to which the person is entitled for that year of assessment, then so much of that amount or the aggregate amount as cannot be granted for that year shall be granted to the person for the first subsequent year of assessment in the basis period for which there is statutory income from that business, and for subsequent years of assessment until the person has received the whole of that amount or the aggregate amount to which the person is so entitled.

SEPARATE ACCOUNT

- 6** A person who is exempted under paragraph 3 shall maintain a separate account for the income derived from the private health care services business referred to in that paragraph.

APPLICATION OF PARAGRAPHS 5 AND 6 OF SCHEDULE 7A

- 7** Paragraphs 5 and 6 of Schedule 7A to the Act shall apply, *mutatis mutandis*, to the amount of income exempted under paragraph 4.

NON-APPLICATION

- 8 This Order shall not apply to a person if in the basis period for a year of assessment–
- (a) the person has been granted any incentives (except for deductions for promotion of exports) under the Promotion of Investments Act 1986 [*Act 327*];
 - (b) the person has been granted investment allowance under Schedule 7B of the Act;
 - (c) the person has been granted an exemption under paragraph 127(3)(b) or subsection 127(3A) of the Act in respect of an approved service project; or
 - (d) the person has been granted an exemption under Income Tax (Exemption) (No. 9) Order 2002 [*P.U. (A) 57/2002*].